

Week ending: September 8, 1971



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The growth of most monetary aggregates has slowed in recent months. The money stock, defined as private demand deposits and currency in the hands of the public, has expanded at a 6.2 per cent annual rate since the four week period ending June 2 (page 5). Although money growth has slowed from the rapid 12 per cent rate in the first five months of this year, the rate in the latest three months ranks in the 87th percentile of all consecutive three-month periods since World War II. Over the entire eight-month period, money has risen at about a 10 per cent annual rate. These rates compare to a 3.3 per cent trend growth rate of money from 1957 to 1969 and 5.4 per cent in 1970.

Other monetary aggregates also have slowed in recent months. For example, money plus total time deposits have risen at an 8.5 per cent annual rate in the past three months, compared with a 16 per cent increase in the previous twelve months (page 7). This broader measure, minus large certificates of deposit (known as M_2), has increased at a 6.8 per cent rate in the past three months. In comparison, M_2 grew at a 6.7 per cent trend rate from 1960 to 1970. In addition to the somewhat slower growth of the money stock, a marked slowing of the reintermediation of time deposits has also contributed to the smaller growth of these broad aggregates. For instance, net time deposits have risen at a 7.3 per cent rate in the past three months, compared with a 19 per cent increase in the previous year (page 6).

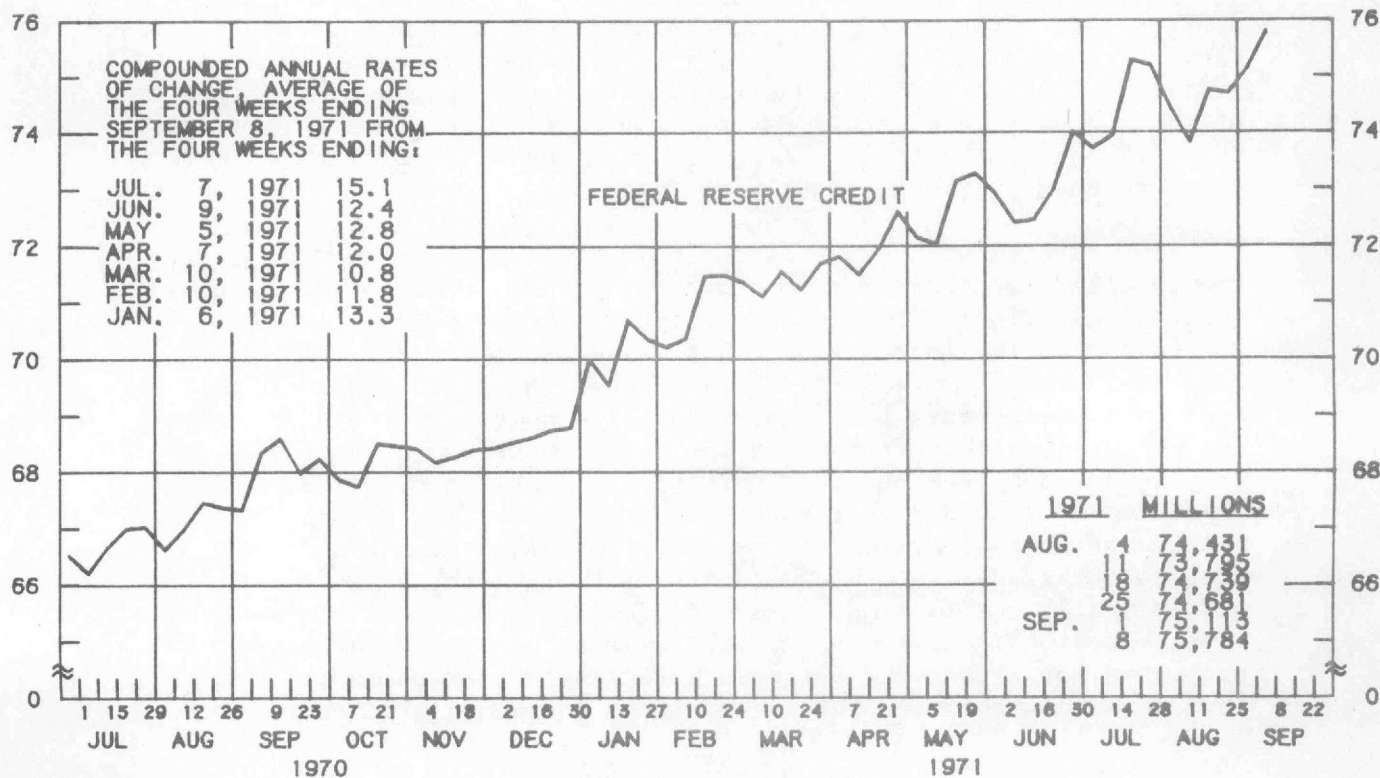
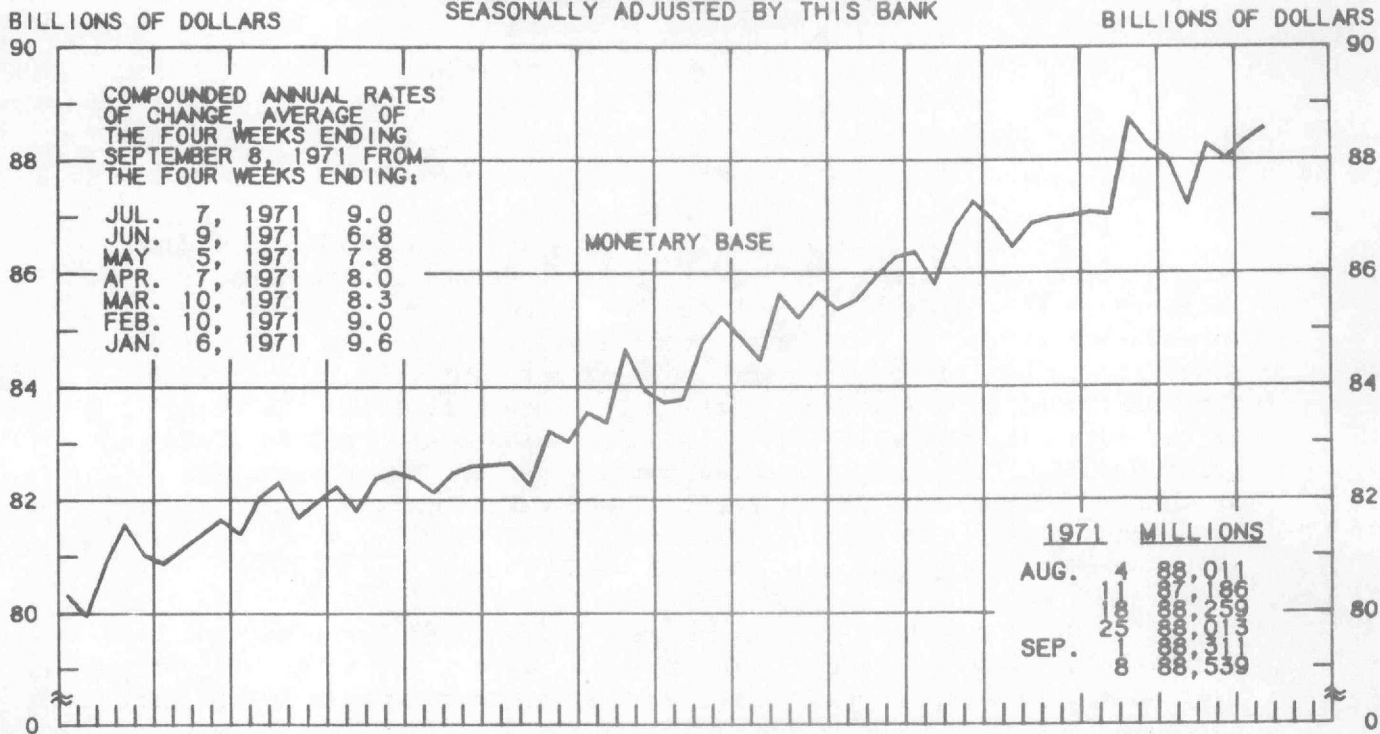
Growth of reserve measures, which largely determine the growth trend of other monetary aggregates, has decelerated, contributing significantly to the slower growth of the money stock (page 2). For instance, the monetary base has slowed to a 6.8 per cent annual rate of increase in the past three months, compared with an 11 per cent rate of increase in the previous five months. Growth of Federal Reserve credit, which comprises the main source component of the base, has slowed to a 12.4 per cent rate in the past three months, after expanding at a 14 per cent rate in the previous five months. In the past three months, System net purchases of Government securities have contributed about three-fourths of the growth in Federal Reserve credit, while the remainder has been due to the increase in member bank borrowings. In the previous five months, System purchases accounted for all of the increase in Federal Reserve credit (other than seasonal factors), while borrowings changed little on balance.

Prepared by Federal Reserve Bank of St. Louis

Released: September 10, 1971

MONETARY BASE ^{1/} FEDERAL RESERVE CREDIT ^{2/}

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED BY THIS BANK



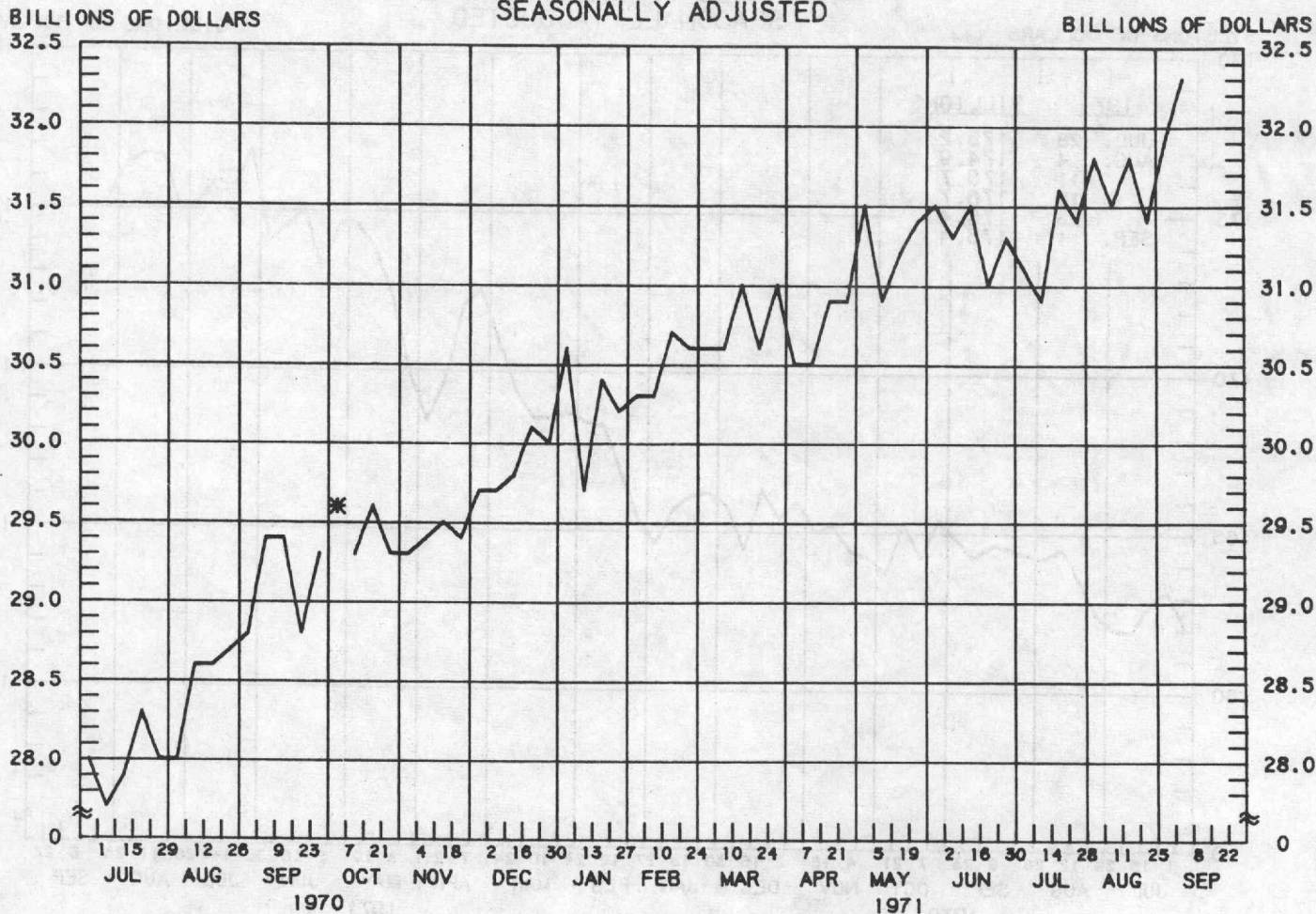
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 1971

- 1/ USES OF MONETARY BASE ARE MEMBER BANK RESERVES AND CURRENCY HELD BY THE PUBLIC AND NONMEMBER BANKS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND SHIFTS IN DEPOSITS. FOR A DESCRIPTION OF THE BASE SEE THE AUGUST 1968 "REVIEW" OF THIS BANK.
- 2/ DEFINED TO INCLUDE HOLDINGS OF SECURITIES, LOANS, FLOAT AND "OTHER" ASSETS, ADJUSTED FOR RESERVE REQUIREMENT CHANGES AND CHANGES IN REQUIREMENTS DUE TO SHIFTS IN DEPOSITS AMONG CLASSES OF BANKS.

RESERVES

ALL MEMBER BANKS IN THE NATION

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

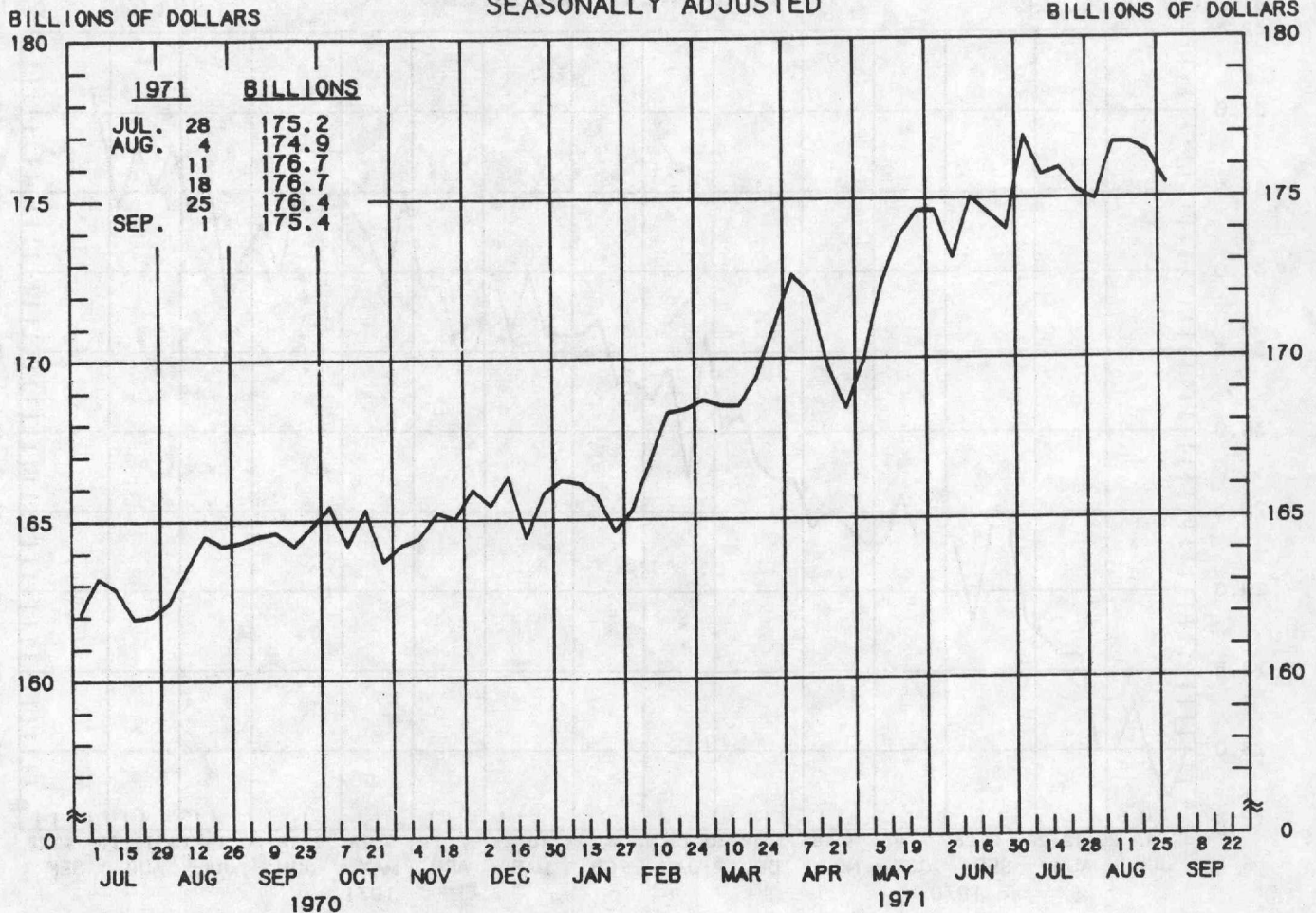
* BREAK IN SERIES DUE TO CHANGES IN REGULATION D EFFECTIVE OCTOBER 1, 1970.

1971	BILLIONS
AUG. 4	31.8
11	31.5
18	31.8
25	31.4
SEP. 1	31.9
8	32.3

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING SEPTEMBER 8, 1971 FROM THE FOUR WEEKS ENDING:		
JUL. 7, 1971		13.7
JUN. 9, 1971		6.5
MAY 5, 1971		8.6
APR. 7, 1971		8.6
MAR. 10, 1971		8.7
FEB. 10, 1971		9.3
JAN. 6, 1971		9.0

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED

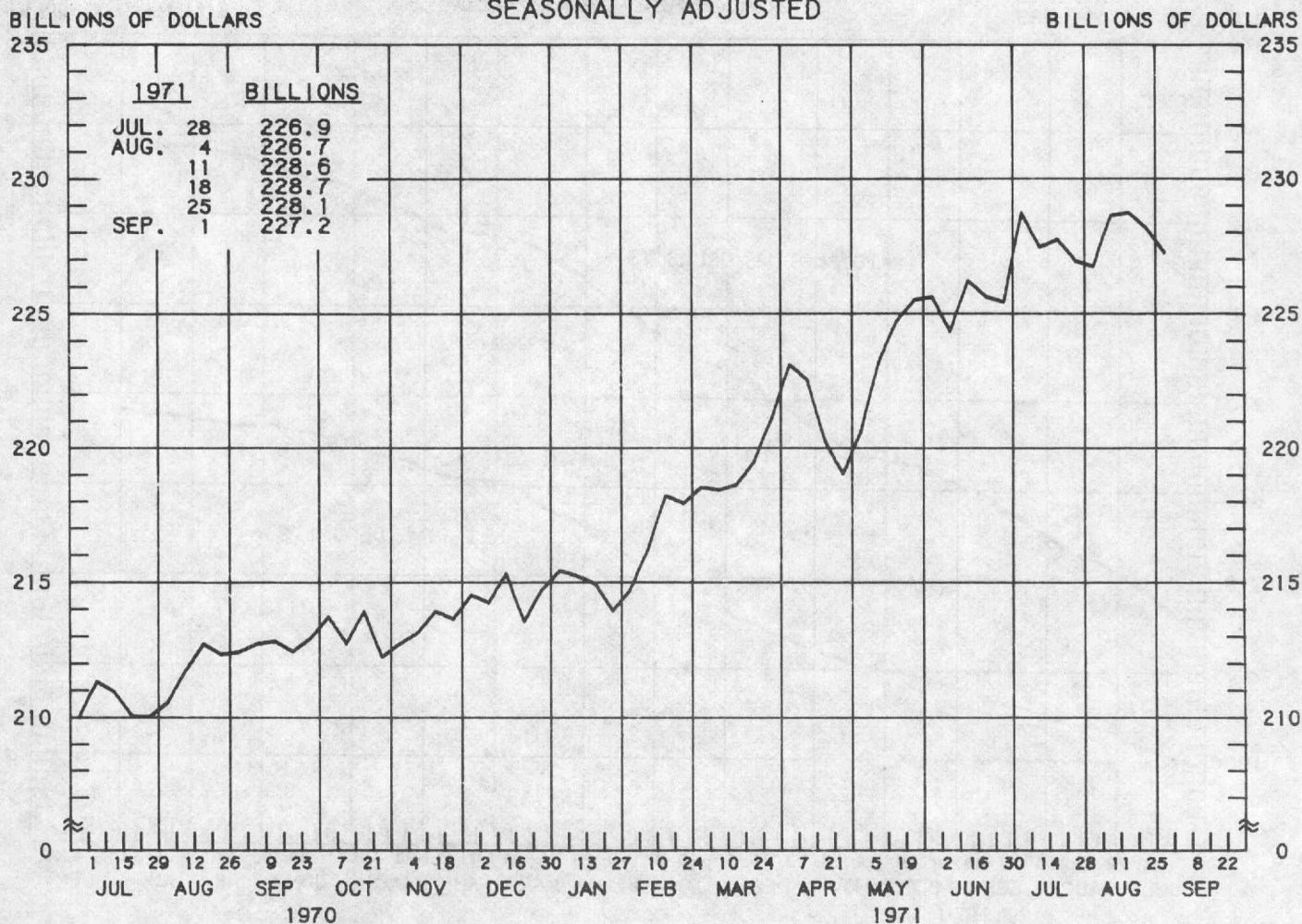


LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971
 CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:								
	9/2/70	12/30/70	2/3/71	3/3/71	3/31/71	4/28/71	6/2/71	6/30/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/ 3/71	1.9							
3/ 3/71	4.9	9.4						
3/31/71	5.7	9.8	16.8					
4/28/71	6.2	9.9	14.6	10.5				
6/ 2/71	8.0	12.3	16.4	14.3	16.0			
6/30/71	7.5	10.8	13.7	11.5	11.8	12.4		
8/ 4/71	7.5	10.2	12.5	10.6	10.6	10.6	5.4	
9/ 1/71	7.4	9.8	11.7	10.0	9.9	9.8	5.9	7.2

MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



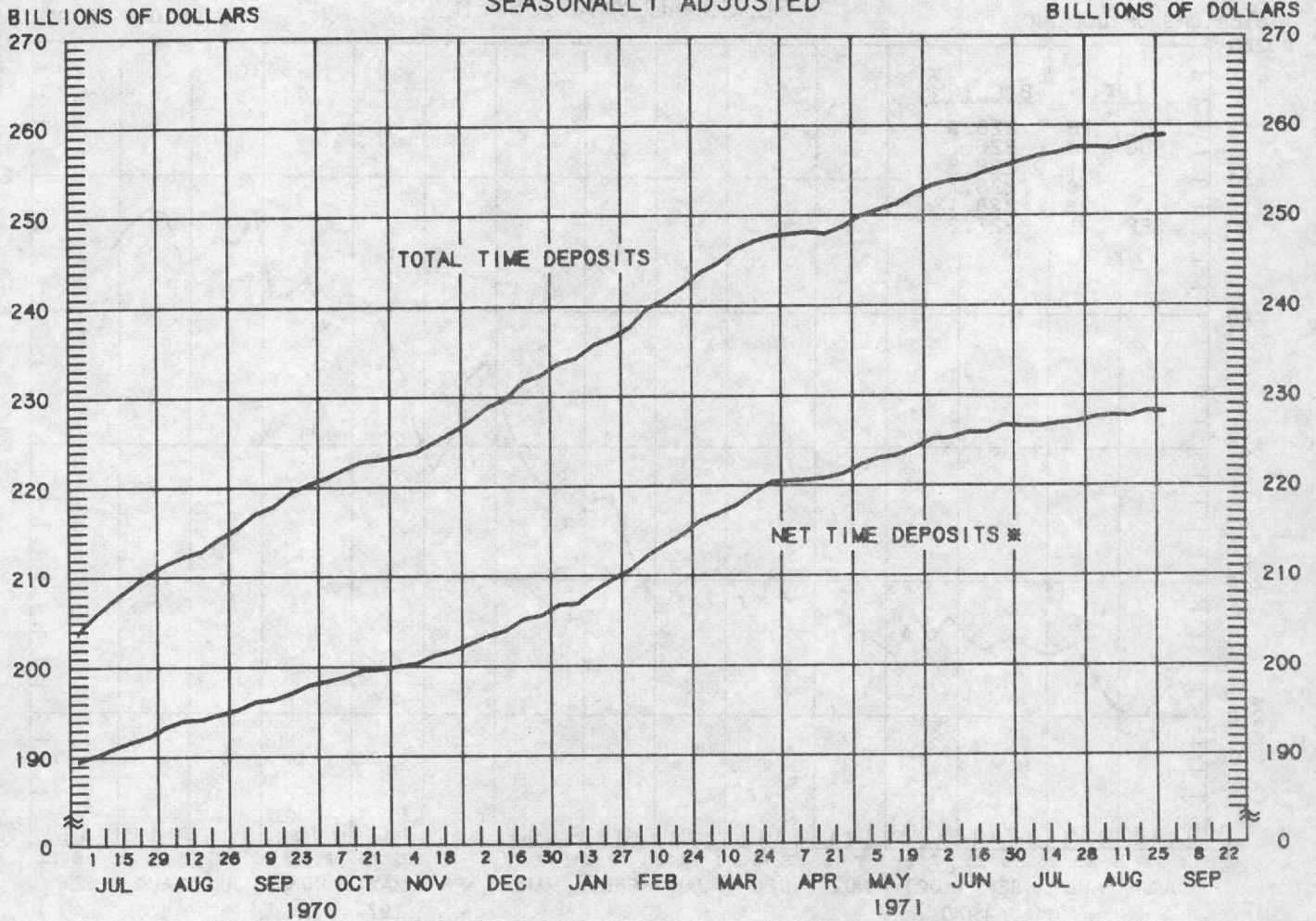
LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	9/2/70	12/30/70	2/3/71	3/3/71	3/31/71	4/28/71	6/2/71	6/30/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/ 3/71	2.7							
3/ 3/71	5.2	9.2						
3/31/71	5.9	9.7	15.1					
4/28/71	6.5	10.0	13.8	10.9				
6/ 2/71	7.9	11.8	15.1	13.7	15.1			
6/30/71	7.5	10.5	12.8	11.2	11.4	11.5		
8/ 4/71	7.6	10.2	12.0	10.6	10.6	10.5	6.3	
9/ 1/71	7.5	9.7	11.1	9.9	9.7	9.4	6.2	7.4

TIME DEPOSITS ALL COMMERCIAL BANKS AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

* NET TIME DEPOSITS ARE DEFINED AS: SAVINGS DEPOSITS, TIME DEPOSITS OPEN ACCOUNT PLUS TIME CERTIFICATES OF DEPOSIT OTHER THAN NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

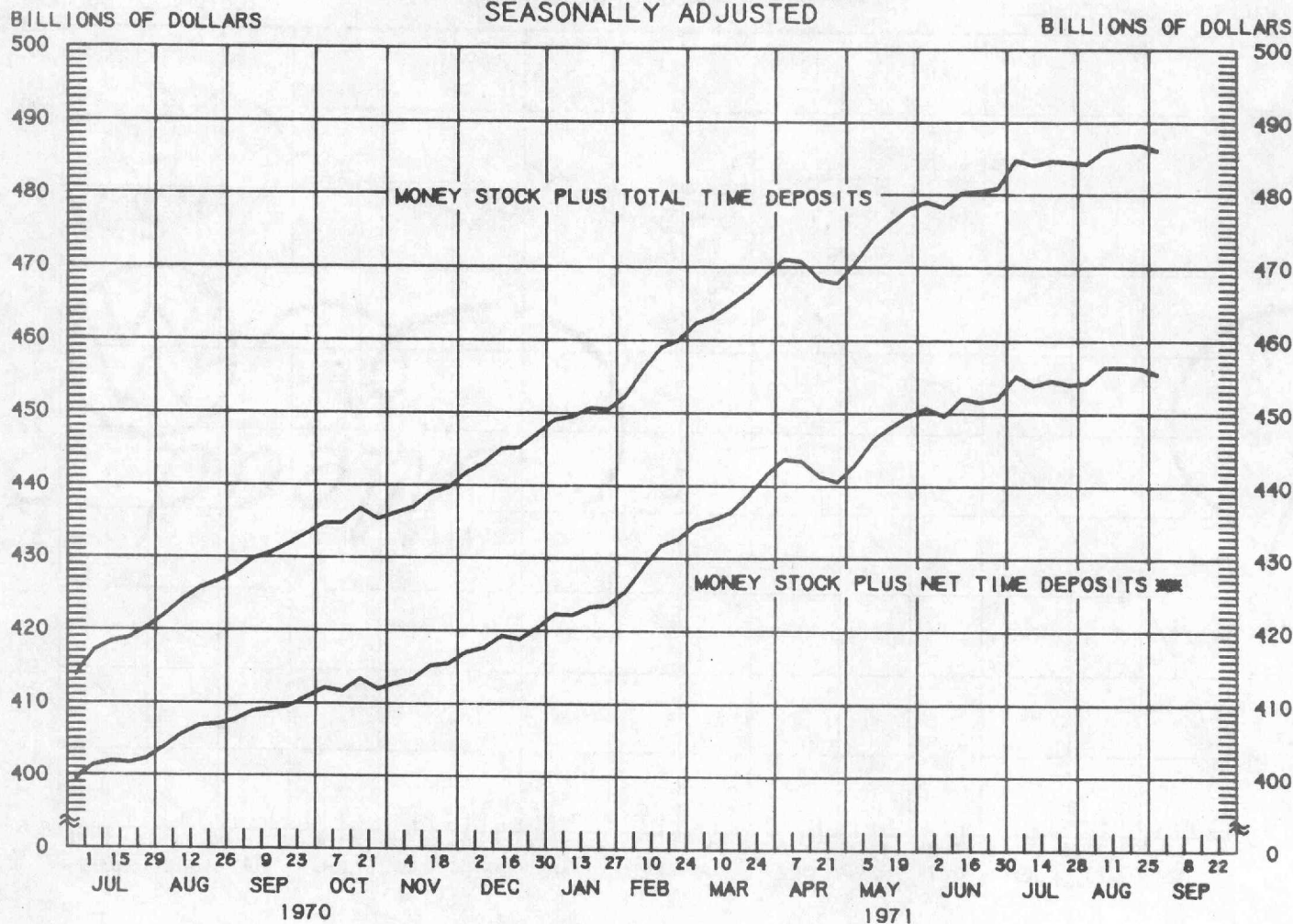
NET TIME DEPOSITS

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

	9/2/70	12/30/70	2/3/71	3/3/71	3/31/71	4/28/71	6/2/71	6/30/71
TO THE AVERAGE OF FOUR WEEKS ENDING:								
2/ 3/71	18.3							
3/ 3/71	21.2	30.4						
3/31/71	22.4	30.6	34.7					
4/28/71	21.4	26.4	27.4	22.2				
6/ 2/71	20.6	23.9	23.8	19.6	14.8			
6/30/71	19.8	22.0	21.5	17.8	14.0	14.1		
8/ 4/71	18.2	19.1	18.2	14.8	11.5	10.8	8.3	
9/ 1/71	17.2	17.5	16.4	13.3	10.3	9.6	7.3	5.2

MONEY STOCK PLUS TIME DEPOSITS

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

M2 IS DEFINED AS: CURRENCY, DEMAND DEPOSITS PLUS NET TIME DEPOSITS (SEE PAGE 6).

MONEY STOCK PLUS NET TIME DEPOSITS (M2)

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

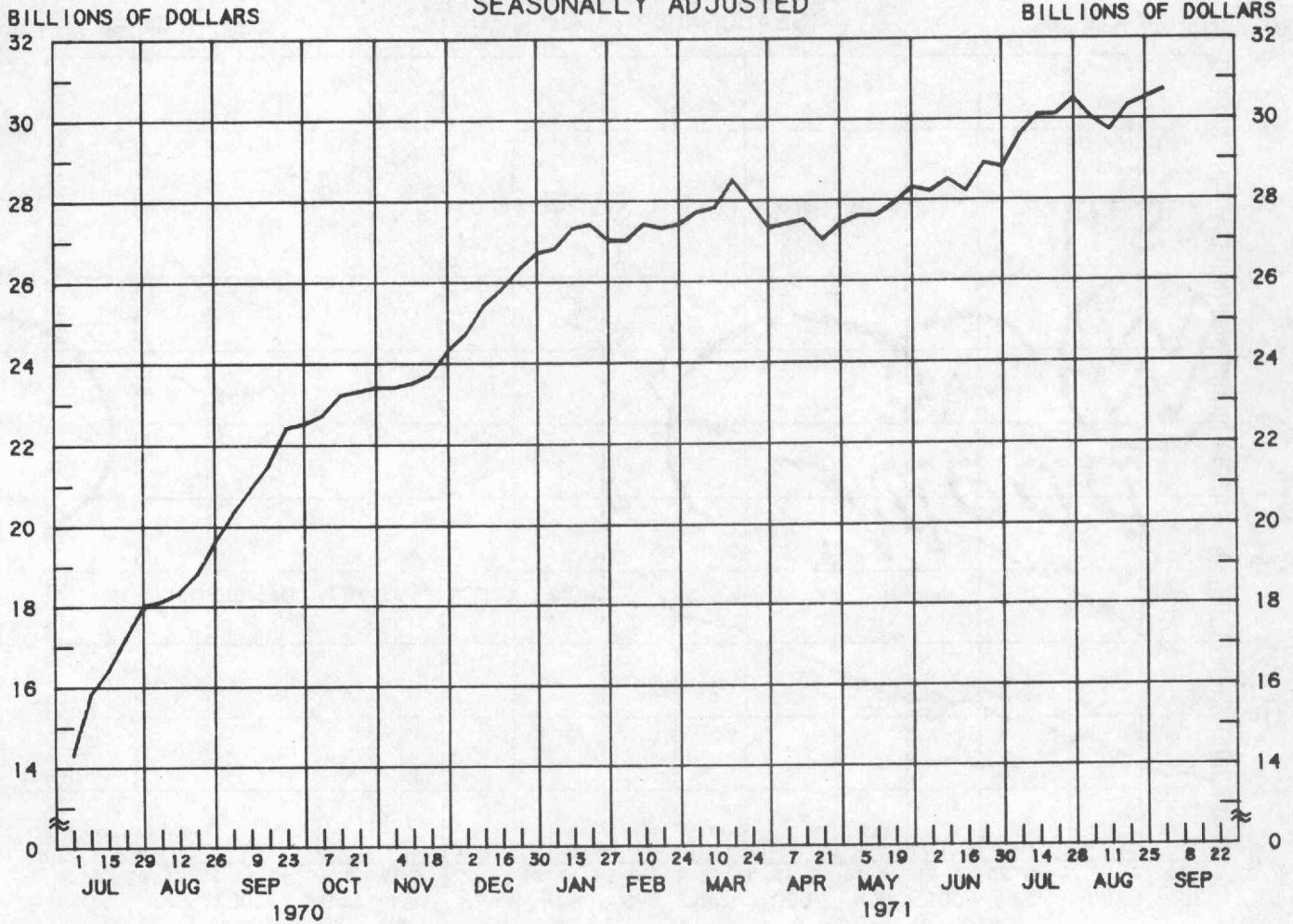
9/2/70 12/30/70 2/3/71 3/3/71 3/31/71 4/28/71 6/2/71 6/30/71

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

	9/2/70	12/30/70	2/3/71	3/3/71	3/31/71	4/28/71	6/2/71	6/30/71
2/ 3/71		10.0						
3/ 3/71		12.7	19.1					
3/31/71		13.7	19.4	24.5				
4/28/71		13.6	17.9	20.6	16.6			
6/ 2/71		13.9	17.5	19.3	16.4	14.8		
6/30/71		13.4	16.0	17.1	14.4	12.7	12.5	
8/ 4/71		12.7	14.4	15.0	12.6	11.0	10.4	7.3
9/ 1/71		12.1	13.4	13.7	11.5	10.0	9.3	6.8
								6.2

CERTIFICATES OF DEPOSIT LARGE COMMERCIAL BANKS

WEDNESDAY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971

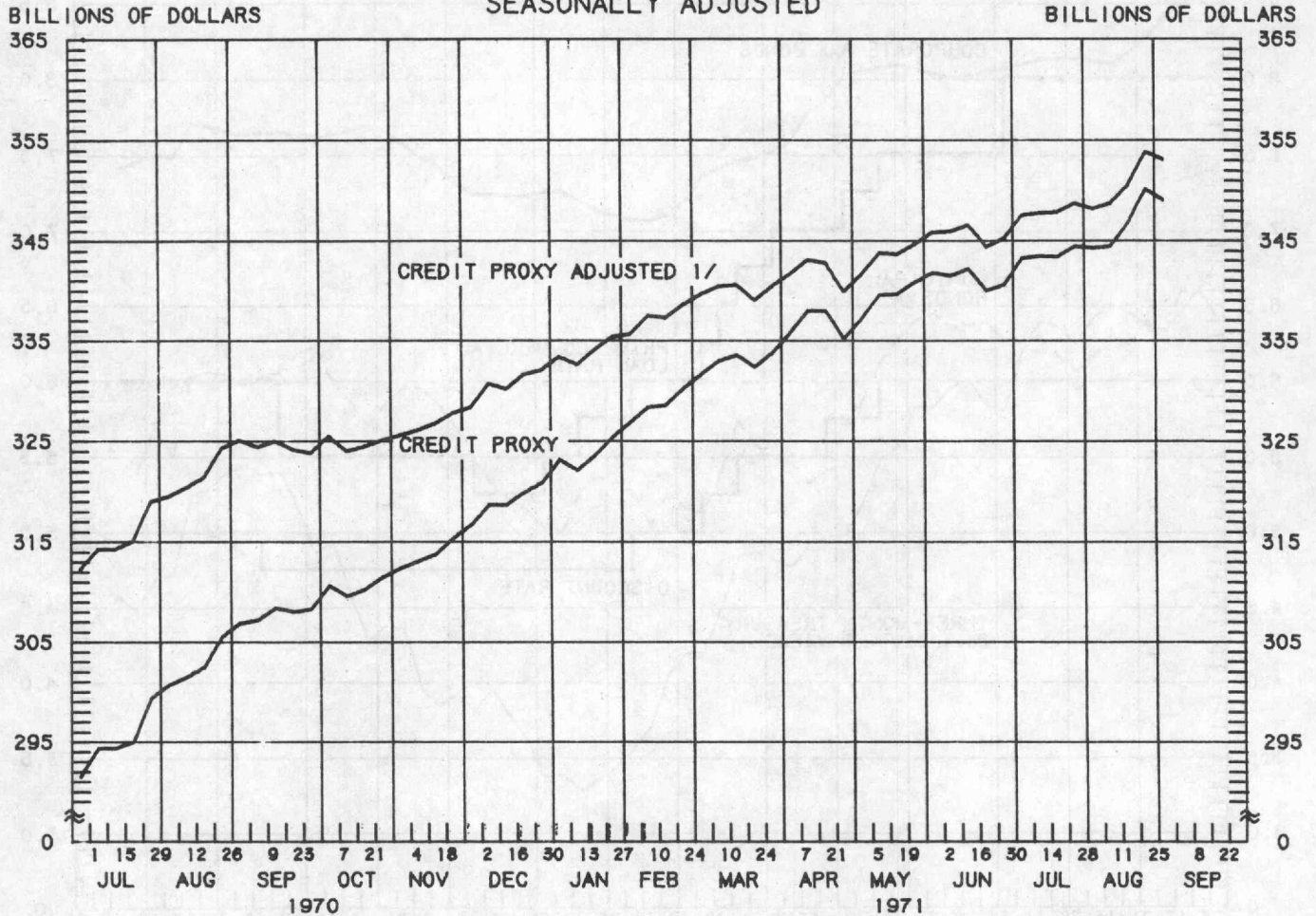
CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

MONEY AND TIME DEPOSIT DATA			
1971	BILLIONS		
	CERTIFICATES OF DEPOSIT	NET TIME DEPOSITS *	M 2 ***
JULY 7	29.6	226.5	455.1
14	30.1	226.5	453.8
21	30.1	226.8	454.5
28	30.5	227.0	453.9
AUG. 4	30.0	227.5	454.2
11	29.7	227.7	456.3
18	30.3	227.6	456.3
25	30.5	228.2	456.2
SEP. 1	30.7	228.1	455.3
8			
15			
22			
29			

* SEE FOOTNOTE PAGE 6.
*** SEE FOOTNOTE PAGE 7.

MEMBER BANK DEPOSITS SUBJECT TO RESERVE REQUIREMENTS (CREDIT PROXY) AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 1, 1971

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

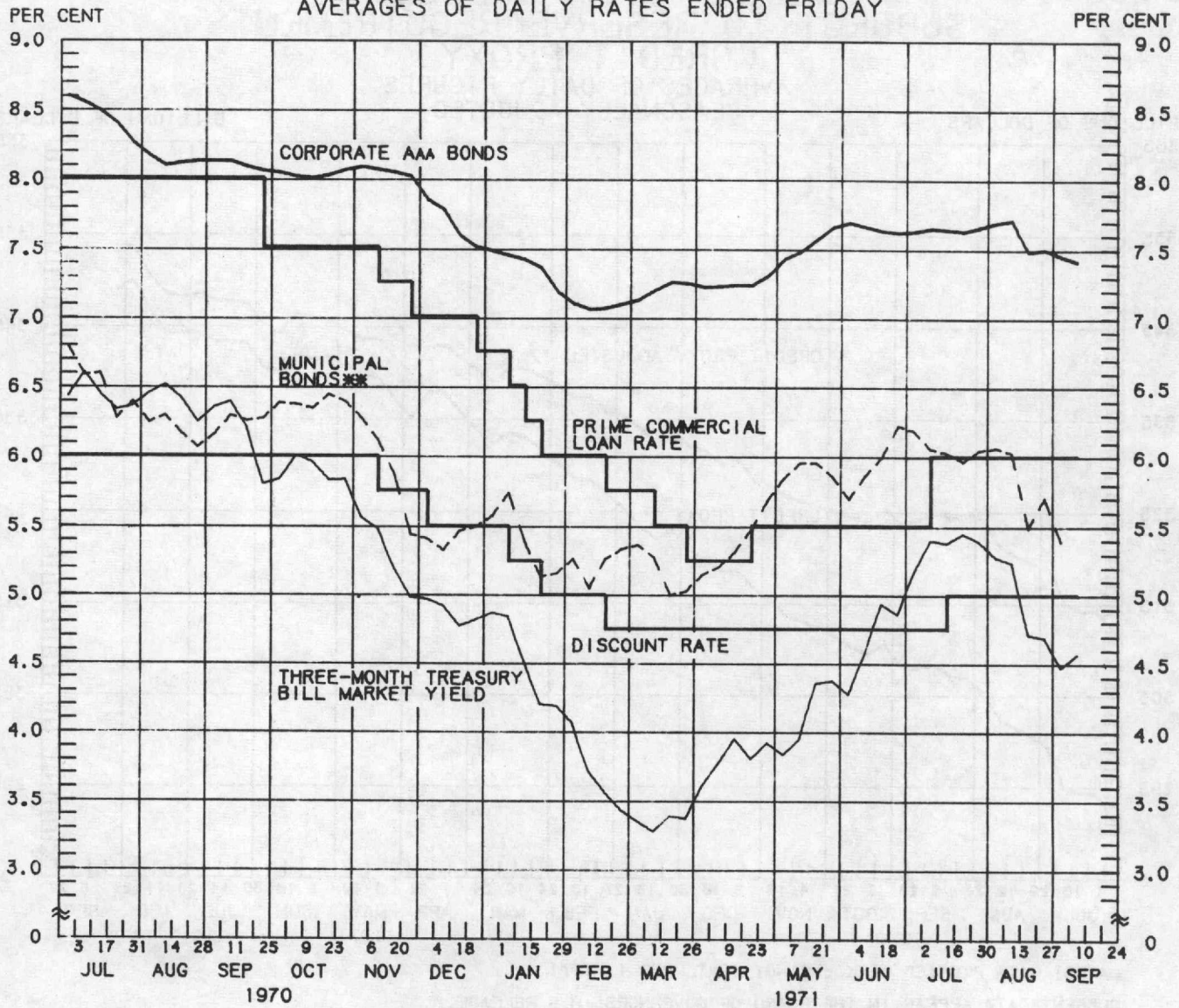
1/ INCLUDES MEMBER BANK DEPOSITS, BANK-RELATED COMMERCIAL PAPER, EURODOLLAR BORROWINGS OF U.S. BANKS, AND CERTAIN OTHER NONDEPOSIT SOURCES.

1971		BILLIONS	
		CREDIT PROXY	CREDIT PROXY ADJUSTED
JUL.	28	344.4	348.7
AUG.	4	344.2	348.1
	11	344.4	348.7
	18	346.8	350.5
	25	350.1	353.8
SEP.	1	349.0	353.0

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF THE FOUR WEEKS ENDING SEPTEMBER 1, 1971 FROM THE FOUR WEEKS ENDING:			
		CREDIT PROXY	CREDIT PROXY ADJUSTED
JUN.	30, 1971	11.7	10.5
JUN.	2, 1971	8.7	8.5
APR.	28, 1971	9.6	8.4
MAR.	31, 1971	10.6	8.1
MAR.	3, 1971	11.2	8.0
FEB.	3, 1971	12.7	9.0
DEC.	30, 1970	13.3	9.3

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: SEPTEMBER 10, 1971

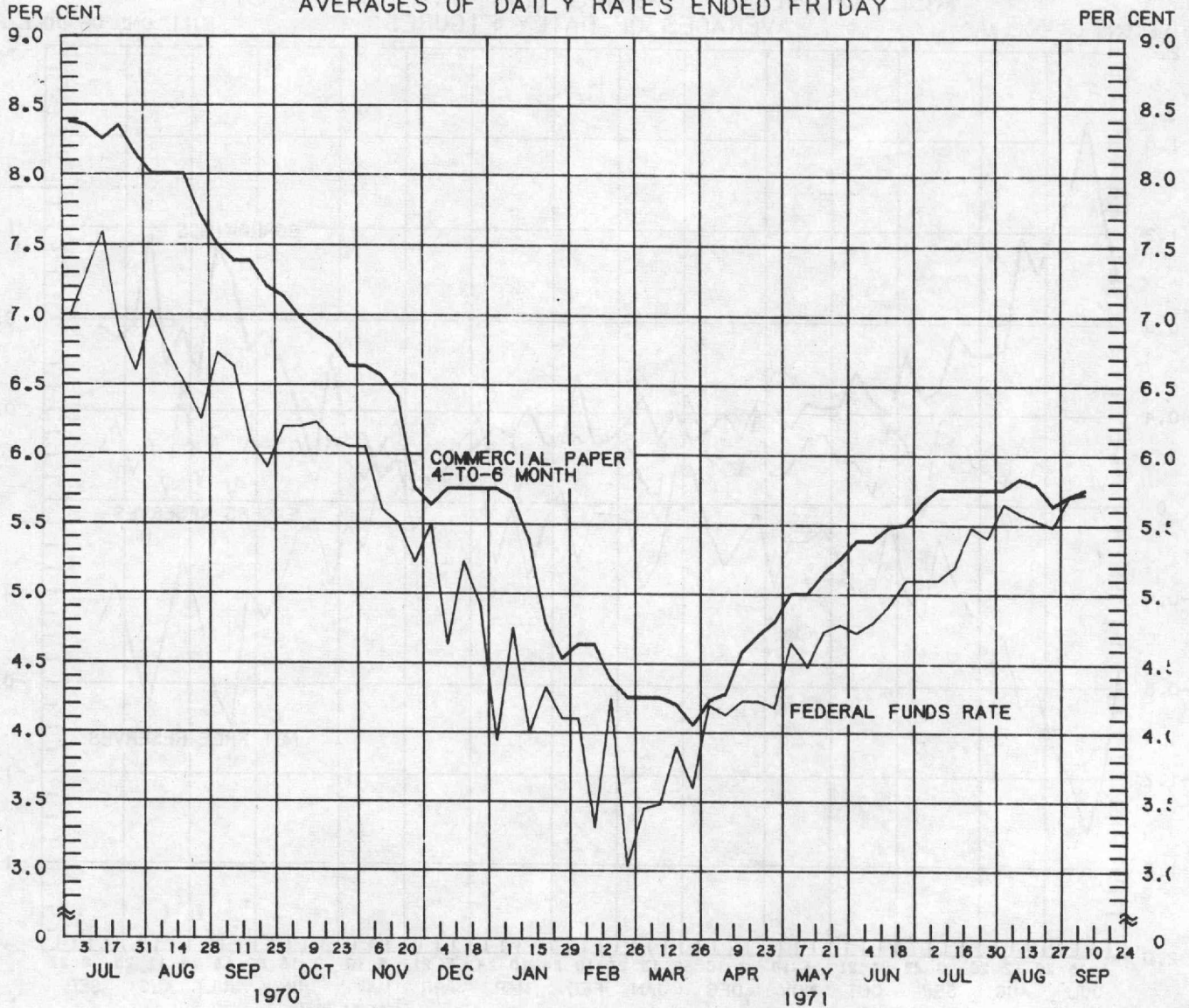
1971	CORPORATE AAA BONDS	3-MONTH TREASURY BILLS	3-5 YEAR GOVERNMENT SECURITIES	LONG-TERM GOVERNMENT SECURITIES	MUNICIPAL BONDS **
JULY 2	7.63	5.17	6.70	5.97	6.19
9	7.65	5.40	6.70	5.92	6.06
16	7.64	5.38	6.64	5.82	6.03
23	7.63	5.45	6.82	5.91	5.97
30	7.66	5.39	6.92	5.96	6.05
AUG. 6	7.69	5.28	6.85	5.93	6.07
13	7.71	5.24	6.81	5.90	6.03
20	7.48	4.71	6.05	5.64	5.49
27	7.50	4.69	6.06	5.70	5.71
SEP. 3	7.45	4.47	5.89	5.58	5.39
10 *	7.41	4.57	5.88	5.50	N.A.
17					
24					

* AVERAGES OF RATES AVAILABLE.
 ** BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.
 N.A. - NOT AVAILABLE

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED SHORT-TERM INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: SEPTEMBER 10, 1971

1971	PRIME COMMERCIAL PAPER 4-6 MONTH	FEDERAL FUNDS	PRIME BANKERS' ACCEPTANCES	90 DAY CD'S**
JULY 2	5.65	5.10	5.60	5.53
9	5.75	5.10	5.63	5.59
16	5.75	5.20	5.50	5.68
23	5.75	5.48	5.63	5.77
30	5.75	5.40	5.63	5.80
AUG. 6	5.75	5.65	5.63	5.80
13	5.83	5.58	5.63	5.82
20	5.78	5.53	5.55	5.88
27	5.63	5.48	5.53	5.75
SEP. 3	5.70	5.70	5.50	5.56
10 *	5.75	5.72	5.50	5.55
17				
24				

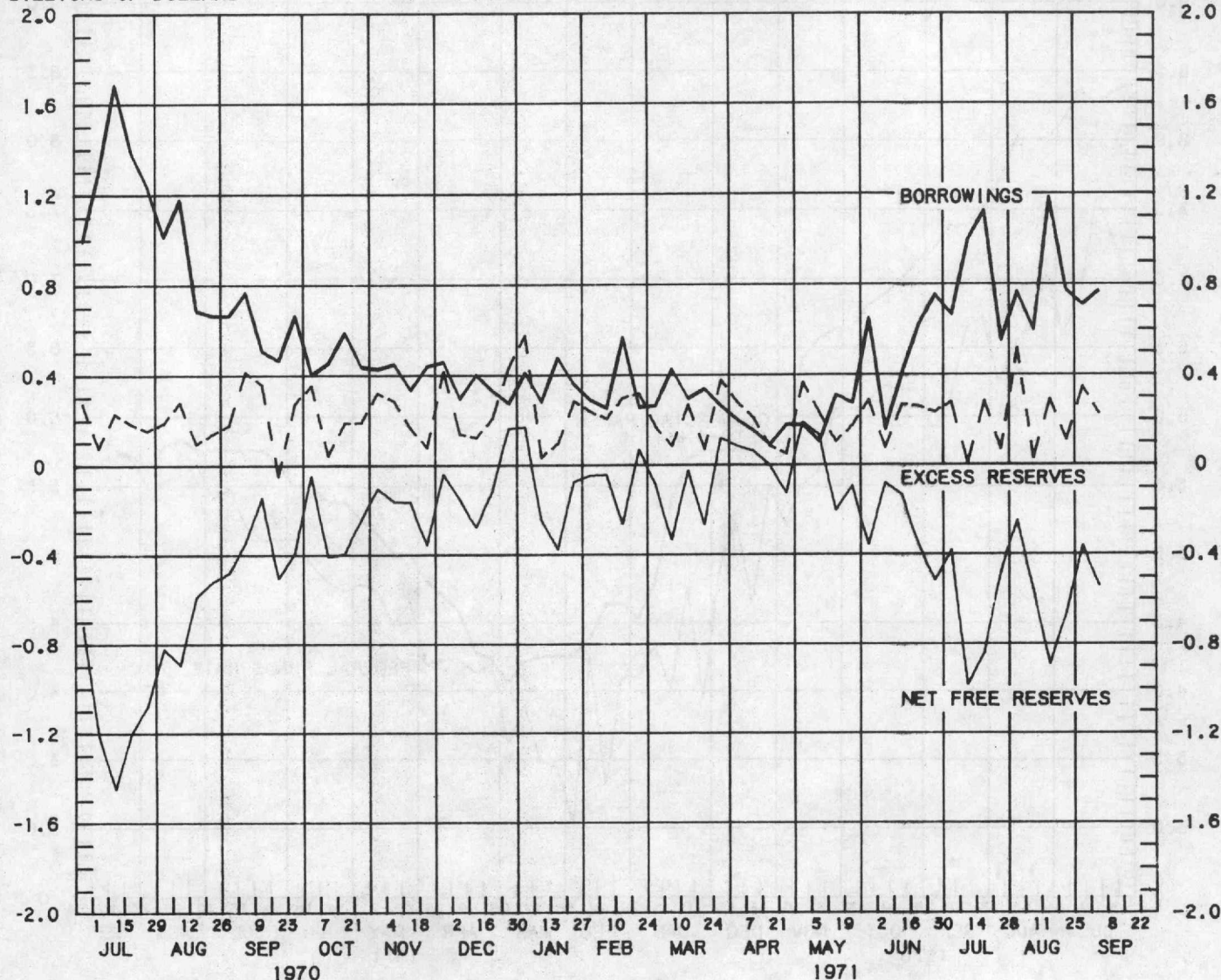
* AVERAGES OF RATES AVAILABLE. FEDERAL FUNDS LAST FIVE DAYS AVAILABLE
 ** DATA ARE SECONDARY MARKET RATES. WEEKLY AVERAGES ENDING WEDNESDAY TWO DAYS EARLIER. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS AND EXCESS RESERVES

ALL MEMBER BANKS IN THE NATION

BILLIONS OF DOLLARS AVERAGES OF DAILY FIGURES BILLIONS OF DOLLARS



LATEST DATA PLOTTED WEEK ENDING: SEPTEMBER 8, 1971

1971	MILLIONS		
	EXCESS RESERVES	BORROWINGS	FREE RESERVES
JULY 7	277	661	- 384
14	5	991	- 986
21	282	1121	- 839
28	67	545	- 478
AUG. 4	517	764	- 247
11	27	593	- 566
18	289	1180	- 891
25	109	771	- 662
SEP. 1	345	708	- 363
8	224	765	- 541
15			
22			
29			

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS